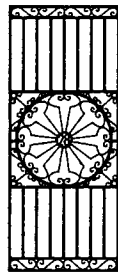


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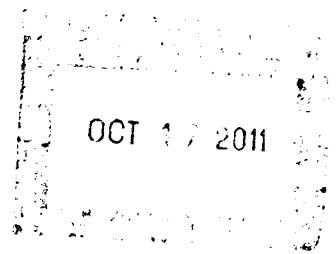
Michael A. Molony

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October 13, 2011

Via U.S. Mail

G. Trenholm Walker, Esquire
Pratt-Thomas, Epting & Walker
Post Office Drawer 22247
Charleston, SC 29413



Re: Kiawah Property Owners Group, Inc., First Set of Interrogatories to
Kiawah Island Utility
PSC Docket No. 2011-317-W/S
YCR# 2589-20110772

Trully
Dear Mr. Walker:

Enclosed please find Kiawah Property Owners Group, Inc., First Set of Interrogatories to
Kiawah Island Utility, in the above referenced case.

I am providing a Certificate of Service, indicating all parties of record have been provided
with these interrogatories.

With kind regards, I am

Sincerely,

Young Clement Rivers, LLP

[Signature]
Michael A. Molony

MAM/cs

Enclosure(s)

cc: Jocelyn Boyd, Chief Clerk & Administrator (PSC) ✓
Shannon Bowyer Hudson, Esq. (ORS)
Jeffrey Nelson, Esq. (ORS)
John P. Seibels, Jr. Esq. (KICA)
Jason Luck, Esq. (KICA)
Diane Z. Lehder
Wendy Kulick

BEFORE THE
PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA
Docket No. 2011-317-W/S

CERTIFICATE OF MAILING

We hereby certify that on this 13th day of October 2011, we served a copy of the foregoing
First Interrogatories of Intervenor Kiawah Property Owners Group, Inc. upon:

G. Trenholm Walker, Esquire
Pratt-Thomas, Pearce, Epting, & Walker
P.O. Drawer 22247
Charleston, South Carolina 29413-2227

Jocelyn Boyd
Chief Clerk & Administrator
South Carolina Public Service Commission
P. O. Box 11649
Columbia, SC 29211

Jeffrey M. Nelson, Esquire
Counsel, Office of Regulatory Staff
1401 Main Street, Suite 900
Columbia, SC 29201

Shannon Bowyer Hudson, Esquire
Counsel, Office of Regulatory Staff
1401 Main Street, Suite 900
Columbia, SC 29201

Jason Scott Luck, Esquire
John P. Seibels, Jr. Esquire
Kiawah Island Community Association, Incorporated
The Seibels Law Firm
127 King Street, Suite 100
Charleston, SC 29401

by first class mail, postage prepaid.

DATED at Charleston, South Carolina, this 13th day of October, 2011.



MICHAEL A. MOLONY, ESQUIRE
Young Clement Rivers, LLP
28 Broad Street, P.O. Box 993
Charleston, South Carolina 29401

Charleston, South Carolina

BEFORE THE
PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA
Docket No. 11-317-W/S

IN RE:)	
)	
Application of Kiawah Island)	FIRST INTERROGATORIES
Utility Company Incorporated)	OF INTERVENOR KIAWAH
for approval of Rates and Charges)	PROPERTY OWNERS GROUP, INC.
)	
_____)	

TO: G. Trenholm Walker, Esquire, Attorney for Applicant, Kiawah Island Utility, Inc.

The Intervenor, Kiawah Property Owners Group, Inc. ("KPOG") hereby requires the Applicant, as soon as possible, but no later than twenty (20) days after service hereof, to answer the Interrogatories hereinafter set forth, in accordance with South Carolina Public Service Commission Rule 103-833. In these Interrogatories, the term "party" is used to designate the Applicant. These Interrogatories shall be deemed to continue until the time of the trial of the case.

INSTRUCTIONS

Every Interrogatory herein shall be deemed a continuing Interrogatory, and you are to supplement your answers promptly, if and when you obtain relevant information in addition to or in any way inconsistent with your initial answer to any such Interrogatory, in accordance with Rule 103-833 of the South Carolina Public Service Commission's Rules.

Should privilege be claimed as to any information requested herein, the answer must, in each instance, state specifically the information sought, the privilege claimed, and the ground on which the claim or privilege is based. Should the Applicant be unable, for reasons other than privilege, to provide the information requested, the answer must, in each instance, indicate

specifically the information sought, the reason such information is presently unavailable, and an estimate of the time within which the information will be presented to the undersigned.

If you object to any portion of an Interrogatory on the ground it seeks privileged information, identify all persons to whom such information has been disclosed, the nature of the privilege asserted, and the dates of any communications for which privilege is asserted.

If you object to an Interrogatory on the ground that it is too broad, provide such information which is concededly relevant and available.

If you object to an Interrogatory on the ground that to provide an answer would constitute an undue burden, provide such requested information as can be supplied without undertaking any undue burden. For those portions of any Interrogatory to which you object or otherwise decline to answer, state the reasons for such objection, declination, or burden.

When an Interrogatory requests the name of a natural person, the answer should contain the following:

1. The full name of the person.
2. The employer and job title of such person at the time of the event, transaction, or occurrence to which the Interrogatory relates, and if the employee named has been terminated, the date of termination of employment.
3. The present or last known employer and job title of the person, if known; and if not known, the answer shall so state and shall state in addition the last known address of such person and the last known date that such person resided at that address.

When the Interrogatory asks for a description of a document, the answer should contain the following:

1. The title heading or caption of the document.

2. Identifying numbers, letters, or combination thereof, if any, and an explanation of the significance of such numbers, letters, or any combination thereof.
3. All dates appearing on the document as dates that such document was dictated, prepared, mailed, received, or any combination thereof; or if no date appears thereon, the answer should so state and should give the exact or proximate date that such document was prepared.
4. A description of the general nature of the document and the number of pages of which it consists.
5. The name of each person known to have participated in the preparation of the document.
6. The name of the addressee of the document. The names of all persons to whom such document or a copy was sent
7. The name of the person who has custody of the original document and the name of each person with custody over a copy.

The foregoing information shall be given in sufficient detail to enable a person to whom a subpoena is directed to identify fully the document to be produced and to enable this party to determine that the document produced in response to such a subpoena is, in fact, the document identified in the answer to the Interrogatory. The document itself may be produced as an alternative to providing such description.

When the Interrogatory asks for any "representations" or "statements", the answer should contain the following:

1. The speaker or originator of the statement or representation.
2. The recipient of the statement or representation.
3. All documents which evidence the statement or representation.

4. The time, date, and location of the statement or representation.

5. If the statement or representation was not made to the Applicant, then describe with particularity how the Applicant discovered the representation or statement.

DEFINITIONS

As used in this request, the term "document" means any handwritten, typewritten, printed, recorded, or graphic matter, including all copies of the above, however produced or reproduced, in the possession, custody, or control of Applicant's counsel and whether or not claimed to be privileged, including, but not limited to, correspondence, electronic correspondence (e-mails), facsimiles, reports, meeting minutes, memoranda, notes, schedules, photographs, ledgers, requisitions, journals, books of account, contracts, drawings, blueprints, checks, and diaries.

"Identify" or "identity", when used in reference to a person, means state his full name, his present or last known address, telephone number, and his present or last known position or business affiliation.

"Describe" or "description", if used in reference to a person, means to identify each individual person and, when used in reference to a document, means to state the following as to each document:

1. Nature and contents.
2. Date.
3. Name, present address, and position of the author or signer.
4. The name, address, and position of the addressee, if any.
5. The present location, name, and present address and position of person or persons having custody.

INTERROGATORIES

1. List the names and addresses of any expert witnesses with whom the Kiawah Island Utility, Inc. ("KIU") or KUI's counsel have consulted and relied upon when filing the application for approval of rate and charges or whom KIU or counsel proposes to use as witnesses at the hearing of this case.
2. In connection with each expert witness, give the following information:
 - a. State the expert's qualifications;
 - b. Resume of any experts;
 - c. Expenses paid to date to experts in preparation of application
 - d. State the subject matter on which the expert is expected to testify;
 - e. State the substance of the facts and opinions to which the expert is expected to testify; and
 - f. A summary of the grounds of each opinion.
4. With regard to any expert witnesses identified above, please produce the following:
 - a. All documents prepared by the expert;
 - b. All documents which you sent to the expert or that the expert sent to you;
 - c. All documents relied upon by the expert;
 - d. All documents used, consulted, or reviewed by the expert;
 - e. All documents setting forth any compensation agreement with the expert;
 - f. All documents that have been or will be shown to the expert prior to trial testimony; and
 - g. All documents, including a current curriculum vitae, used to establish the expert's qualifications for trial purposes.
5. Provide any and all audited financial statements, related schedules and footnotes for KIU for the years 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009 and 2010.
 - a. Provide any and all audited financial statements, related schedules and footnotes for Kiawah Resort Associates ("KRA") the parent company of

KIU for the years 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009 and 2010.

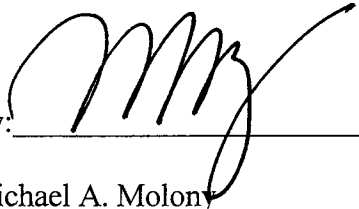
6. In the Application KIU states, since last rate increase occurred in 2001 operating expenses have increased significantly. Please explain in detail and provide all supporting documentation pertaining to the increase in operating expenses for the following:
 - a. O&M Expenses;
 - b. Depreciation;
 - c. Amortization;
 - d. Gross Receipts Tax;
 - e. Property Taxes;
 - f. Payroll Taxes; and
 - g. State and Federal Income Taxes.
7. Please provide the amount of all management fees paid to KRA by KIU and an explanation of how they have been calculated.
8. Provide amounts of building incentive fees, impact fees and availability fees paid by KRA or any of its affiliates for the years 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009 and 2010.
9. Provide amounts of building incentive fees, impact fees and availability fees paid by Seabrook Island Utility Commons ("SIU") or any of its affiliates for the years 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009 and 2010.
10. Please justify in detail and provide all supporting documentation pertaining to the adjustments in included sections (a) and (b) of schedule W-B.1 of the application.

11. Please provide the rate base at the end of each calendar year through the date of filing the rate increase application.
12. In the Application KIU states the net investments in the utility plant and facilities has increased by \$5.1 million since the 2001. Please list and explain in detail the investments made by year to the utility plant and facilities and the impact or benefit to the KIU customers.
13. In the Application KIU claims that Purchased Water has increased over 50% over the last 11 years. Please provide a detailed explanation and analysis of all costs to KIU associated with these increases.
 - a. State the amount collected through potable water-increases charged by St John's Water Company that has been passed through to the customers of KIU pursuant to Commission Order No. 2002-285, and explain in detail how much of the budget is (1) a pass through for cost of water from St. Johns Water Company; (2) is operating expenses; and (3) is capital depreciation.
14. Exhibit B-1 of the rate application shows tap fee cost justifications. Indicate which items of cost (i.e. materials, equipment, labor and contractor's cost) are treated as operating expenses and which items are capitalized on the books of the Utility.

15. Exhibit B-1 of the rate application shows tap fee cost justifications. Please identify which of these costs are charged to and absorbed by KIU and which of these costs are charged to and absorbed by KRA
16. Please provide a detailed analysis of how the decision to install a second line was reached and provide all documentation used to reach this decision.
17. In the Application KIU states that a secondary line will be installed, but no mention is made of the type of line to be installed. Please explain the size and type of line to be installed, the material to be used and a detailed analysis of how this decision was reached and provide all documentation used to reach and support this decision.
18. In the Application KIU states that a secondary line will be installed, but no mention is made of where this line will be located and where it will connect to an existing line on Kiawah. Please explain:
- a. the planned location of the hook-up to existing line on Kiawah, provide a detailed analysis of how this decision was reached and provide all documentation used to reach and support this decision;
 - b. identify those parcels of land on Johns Island which Kiawah Island Utility will either need to acquire or to gain easements across to install the line and connect it with the St. Johns Water Company transmission line;

19. In the Application KIU states that preliminary discussions with the Company's lender indicate approval contingent upon the results of the Phase II request and that a formal loan request will be submitted shortly. Please provide the name of lender, the date of the loan application, an explanation of whether or not a pledge of assets was included in the application, any outstanding debt is owed to any financial institution or KRA for each calendar year covered by the rate increase, and if a parental guarantee is expected.
20. The initial application contained an estimate of the second line, while the final application contained an increase of 1 million dollars; please explain the reasoning behind this request.
21. Please justify why the rates are based on operating margin as opposed to a rate base approach.
22. Please justify the proposed operating margin of 13% cited in the rate increase application.

YOUNG CLEMENT RIVERS, LLP

By: _____

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Charleston, SC 29402
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mmolony@ycrlaw.com
Attorneys for the Intervenor
Kiawah Property Owners Group, Inc.

Charleston, South Carolina

Dated: _____, 2011